

## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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This is UNEVALUATED

SOURCE EVALUATIONS ARE DEFINITIVE. ANALYSIS OF CONTENT IS TENTATIVE.

1. Theoretically the management of Slovenian enterprises is divided among the manager (or the general manager in case there are more managers), the administrative committee, and the workers' council. The administrative committee is an advisory body to the manager while the workers' council is supposed to represent "the owners." In reality the Union of Communists of Yugoslavia (UCY) organization in the enterprise dominates the management because the general manager and the president of the workers' council are almost always UCY members, and as such are subjected to Party discipline. In addition, the candidate list for the election of the workers' council, as well as the appointment of the members of the administrative committee, is either overtly or covertly proposed by the Party. The manager represents the Party economic line in the enterprise while the secretary of the Party organization represents the Party political line. Controversies sometimes break out between the manager and the Party secretary because while carrying out the Party economic line, the manager often has to disregard the Party political line, e.g., the Party secretary insists that a certain Communist holiday be observed, while the manager counters that the day in question has to be a working day if certain export requirements or production quotas have to be met.
2. Within the enterprise the manager has, de facto, all power in the economic field. The political field is the prerogative of the Party secretary. An administrative committee is appointed and is usually composed of the manager, the business manager, the export manager, chief engineer, the oldest worker, chiefs of various departments and similar persons whose number depends on the size of the enterprise. In reality it has no right of decision although it is legally co-responsible with the manager and although the president of the administrative committee, together with the president of the workers' council, is legally entitled to sign certain enterprise orders. A clever manager usually refrains from signing any important papers and covers himself with the signature of the presidents of administrative committees and workers' councils, which he obtains as a matter of course.
3. Workers' councils have no voice in the enterprise management and 90 per cent of their members usually do not know and do not care to know what is going on in the enterprise. In most cases the president of the workers' council

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is a Party member of low education who understands little or nothing about management and who is under the complete control of the manager. The workers' attitude towards the workers' council and "the workers' ownership" is that of derision; workers try to avoid meetings and elections because they feel that they cannot change anything anyhow and because they do not want to spend their free time for what they consider nonsense. The event of "the establishment of workers' ownership of enterprises" was received by workers with sarcastic jokes and the conviction that basically nothing was going to change.

4. Legally the enterprises are supposed to enjoy complete freedom of operation within the limits imposed by the so-called social plan which is set up on yearly basis. However, this is true to a certain extent only of small enterprises, whereas large enterprises, especially those engaged in production for export, enjoy no freedom of operation at all. They are under rigid control exercised by the District (from now on by the Komuna), the Republic, or the Federal Economic Council. Federal control is usually exercised on a de facto and not on a de jure basis. Presidents of District Economic Councils are usually trusted Party members and former Partisans who understand nothing about economics. Secretaries of Economic Councils are specialists in economics and customarily also Party members and they, together with the manager, decide on the course of an enterprise. Only when general aspects and policy aspects of the social plan are involved do other members of the Economic Council and eventually other members of the District Committee become involved. An analogous situation exists on the level of the Republic. The President of the Republic's Economic Council--formerly the Republic's Minister of Economy--is a political appointee, whereas the Secretary is a specialist.
5. All enterprises are under the rigid financial control of the bank where a complete copy of the accounting of an enterprise is kept. All receipts and expenditures go through the bank which acts as a cashier for the enterprise, and the enterprise is allowed to keep only an insignificant amount of money in its safe. (An enterprise employing 400-500 workers, for example, is not allowed to keep more than 5,000 dinars at a time.) At the end of every month the bank makes the financial inventory of the enterprise and on the basis of profit or loss decides on the percentage of monthly salary to be received by the employees of the enterprise. If at the end of the fiscal year the inventory shows an overall deficit the enterprise automatically comes under so-called "socialist sequestration", meaning that the old management is dismissed, a new management is appointed by the Republic (from now on Komuna will have this authority) and put under the direct supervision of a bank.
6. Competition among various enterprises does exist. It is attributable to the fact that the management and the employees try to realize a profit or at least a balanced budget which will give them full salaries or at least the highest possible percentage of full salary. When the enterprise runs a deficit, employees very often do not receive more than 80-90 per cent of the full salary. Whenever the enterprise can pay 60 per cent or less of the salary, it automatically comes under "socialist sequestration."

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